

The Johnson Letter

From the desk of
Michigan State Senator

Shirley Johnson

P.O. Box 30036 Lansing, MI 48909

Toll-free at (877) SEN-13TH



Governor Proposes 2005 Budget Resolution

The governor's budget director recently announced the administration's 2005 budget recommendations attempting to address an estimated \$1.3 billion revenue shortfall. Senator Shirley Johnson along with fellow Appropriation Committee members have begun sifting through the numerous tax increase proposals projected to balance the budget. The following are some of the significant budget items by the Governor.

- Property owners would experience a significant change in their July tax bill, due to the fact that their December **county** taxes will have to be paid six months earlier. Oakland County has a 4.6525 county millage rate. See Table 1 below for the average cost to the 13th Senate District and Oakland County.
- The Governor proposes to eliminate 20J Hold Harmless funding for districts with a foundation allowance exceeding \$9000 per pupil. Birmingham, Bloomfield Hills, Lamphere and Troy school districts would see significant reductions ranging from \$200,000 to nearly \$600,000.
- Bring back Michigan's death tax at a lower threshold than the federal level. The federal level is \$1.5 million, Michigan's ceiling would be decreased to \$1 million
- Increase the tax on liquor by 9 percent.
- Increase the state cigarette tax by \$0.75 per pack, setting the tax at \$2.00 per pack.
- Eliminate scholarship to students attending private colleges and universities
- Increase mental health funding by 4 percent.
- Cut funding for Cooperative Extension and Agriculture Experiment Station at Michigan State University by 3 percent.

City	Avg. Increase in July Tax Payments	Total Tax Paid
Berkley	414.54	2,375,717.33
Birmingham	1,211.66	8,388,348.64
Bloomfield Hills	2,768.17	3,833,918.88
Bloomfield Twp.	1,122.34	17,029,323.02
Clawson	384.06	1,607,661.49
Madison Hts	305.48	2,846,762.56
Royal Oak	454.22	9,196,136.58
Troy	670.89	15,564,743.39
Oakland County	615.38	216,691,764.34
13th District TOTAL		60,842,611.89

Inside this issue:

2005 Budget Recommendations

Treasury Discovers \$120 million

Grandparent Visi- tation Extended

ID Theft Protection

Michigan Water Protected

Tax Time HELP!!

- Reduce state employee salaries by 4 percent through concessions
- Proposes a \$7.6 million reduction of Intermediate School District general operational funding
- Universities holding tuition at the rate of inflation will see a reinstatement of 3 percent of their 5 percent reduction from last year.

Treasury audit reveals nearly \$120 million in uncollected taxes

An audit of the Michigan Department of Treasury's Bureau of Local Government Services raises 'serious concerns' about the bureau's effectiveness and efficiency. The performance audit, released this week by the state Auditor General, found numerous instances where taxes were either not collected or not accounted for by the Treasury Department's Bureau of Local Government Services. The limited sample examined in the audit revealed nearly \$120 million in uncollected tax revenue from local governments, including uncollected industrial facility taxes, state education taxes, and state tax revenue held by cities.

The bureau agreed with 25 of the 29 problem areas the audit cited, and has agreed to seek ways to fix the areas of concern, according to the report. Senate Republicans noted that they will be watching closely to ensure that happens. With Michigan facing another large budget shortfall for fiscal year 2005, the Department of Treasury has been studying Michigan's current tax structure. In light of this audit, many are now questioning having Treasury initiate new taxes or tax restructuring until they can prove they are able to collect the taxes they already have on the books. The Legislature awaits a formal response by the bureau. Statute requires such a reply within 60 days.

Senate Approves Grandparent Visitation Measure

Legislation allowing grandparents to seek visitation orders received unanimous support in the Michigan Senate Wednesday. A 2003 decision by the Michigan Supreme Court struck down the state's law allowing grandparents to seek visitation. The law was invalidated because it did not accord sufficient deference to a parent's decision against such visitation. Senate Bill 727 was crafted to address the concerns raised by the justices in their decision. SB 727, supported by the Michigan Coalition Against Domestic Violence and the Family Law Section of the State Bar of Michigan, now goes before the House for consideration.

Protecting the Disabled from ID Theft

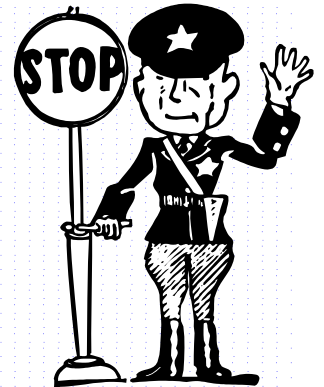
The Secretary of State recently announced changes on vehicle placards in order to protect Michigan's disabled community from identity theft by altering the way personal information is displayed on vehicle placards.

Until now, a disabled motorist's complete driver's license number was recorded on the placard., which assists disabled drivers with their parking needs. The new order will require only the first letter and last three digits of a driver's license number. Motorists who are permanently or temporarily disabled can apply for the placards, which are displayed in windshields so they can be easily viewed by law enforcement.

All new disability placards issued by the department will display the one-letter, three-number designation. It is important to note that the placards currently in circulation remain valid. However, individuals with placards who would like the new designation can bring them to any Secretary of State office for modification. Alteration of the placards by private individuals is illegal and can result in a parking citation.

Disability parking placards may be obtained at any Secretary of State branch office. A statement by a physician is required as part of the application process. There is no fee for an original placard or when renewing a permanent placard.

Permanent disability placards are blue and are issued for four years. They are issued when there is no medical expectation that the disability will improve. Temporary disability placards are red and are valid for up to six months. They are issued when there is a medical expectation that the disability will improve. There were 568,000 permanent and 26,000 temporary placards in circulation at the end of 2003.



Legislative Republicans introduce Next JOBS plan

Senate and House Republicans this week unveiled the next phase of their comprehensive plan to jumpstart Michigan's stalled economy. The second phase of the legislative JOBS plan – Job Opportunities for Business Success – targets tax relief for businesses that create new jobs and eliminates many of the barriers to entrepreneurial activities.

The JOBS II plan is a broad-ranging call to action on Michigan's job creation front. Specifically, it provides tax relief to businesses that create new jobs, eliminates taxation of federal and state research funds and cuts red-tape nightmares by creating a "bureaucracy buster team" to recommend ways to remove burdensome regulations for businesses. It also helps businesses by simplifying the filing of Michigan Single Business Tax forms and calls on the governor to create a Michigan-Ontario Border Commission to standardize border-related rules and regulations.

FEBRUARY HELPFUL HINTS

Tax Guides Available

Tax guides for 2003 are now available in Senate offices. The guide offers explanations of many of the terms used in tax forms and helps citizens better understand their tax forms. The booklet contains information on homestead property-tax credits, farmland and open space tax relief, the home-heating credit program, filing property taxes, the Michigan income tax, the Single Business Tax and other tax-related subjects. It also has a few of the more commonly used tax forms. Tax guides are available at many local libraries and post offices, or by contacting my office, toll free, at 1-877-736-1384



Why E-File??

- **Fast** – Get your Michigan refund in about 7 business days. Refunds from paper returns take 12 to 15 weeks longer.
- **Convenient** – E-file through your tax preparer or e-file 24 hours a day, 7 days a week from your home or office.
- **Accurate** – E-file returns have significantly less chance of error than paper returns.
- **Secure** – Your confidential information is encrypted, so only you and your tax preparer see your return.
- **Quick confirmation** – Within 3 business days, receive electronic confirmation from the IRS and the State of Michigan that your return was accepted for processing.



How Do I E-File

1. You Can File through your tax preparer
 - Most tax preparer are required to e-file your taxes
 - Visit Treasury web-site to find a tax preparer who offers e-file
2. You can E-File your own return
 - Purchase E-file software or E-file on-line through select software companies.
 - Some individuals may even qualify for free E-filing
3. You CANNOT E-File if..
 - Amend or correct a previous return
 - File a previous year return
 - File a fiscal year return
 - File form MI-1040X, Amended Michigan Income Tax Return
 - File form 3581, Historic Preservation Tax Credit

Federal e-filing information:

Web site: www.irs.gov

Individual Tax Help: 1-800-829-1040

Refund Hotline: 1-800-829-1954

Order Free Forms & Publications: 1-800-829-3676

TeleTax Recorded Tax Information: 1-800-829-4477

TTY/TDD: 1-800-829-4059

Questions or Comments?

Contact Senator Shirley Johnson

Toll-Free at 1-877-SEN13TH (736-1384)

SenSJohnson@senate.michigan.gov

Please Note: The Johnson Letter is published monthly, for all interested readers, by the Office of State Senator Shirley Johnson. To be removed or added permanently to our mailing list, please contact our office.